

ASSEMBLY BILL

No. 1176

Introduced by Assembly Member Ammiano

February 27, 2009

An act to repeal and add Section 53395.8 of the Government Code, and to amend Section 96.1 of the Revenue and Taxation Code, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 1176, as introduced, Ammiano. Infrastructure financing districts: City and County of San Francisco.

Existing law specifically authorizes the City and County of San Francisco to create infrastructure financing districts, adopt infrastructure financing plans for those districts, and issue bonds financed by projected increases in ad valorem property taxes to fund certain public facilities, pursuant to a specified procedure. Existing property tax law establishes various procedures and requirements with respect to the annual apportionment and allocation of ad valorem property tax revenues, including increased revenues from infrastructure financing districts.

This bill would recast these provisions authorizing the City and County of San Francisco to create infrastructure financing districts that include specified waterfront property. This bill would also modify the procedures for San Francisco to adopt an infrastructure financing plan, and allocate projected increases in ad valorem property taxes to specified annual apportionments.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Areas of San Francisco, including portions of the San
4 Francisco waterfront, are characterized by deteriorating conditions
5 that cannot be remedied by private investment alone, and require
6 the use of public financing mechanisms to finance the rectification
7 of deteriorating conditions.

8 (b) (1) The San Francisco waterfront, generally extending 7.5
9 miles from Fisherman's Wharf to Candlestick Point, is a valuable
10 public trust asset of the state and provides special maritime,
11 navigational, recreational, cultural, and historical benefits to the
12 people of the region and the state. The San Francisco waterfront
13 includes a 65-acre site known as Pier 70, which is the oldest
14 continuously operating shipyard on the west coast. For over 150
15 years, some portion of this site has been in use for shipbuilding
16 and repair, steel production, and supporting heavy industrial uses.
17 Until 1967, the United States Department of Defense occupied
18 and controlled significant portions of Pier 70. In 2001, the Office
19 of Historic Preservation determined that Pier 70's approximately
20 40 historic buildings, structures, and features are eligible
21 collectively for listing on the National Register of Historic Places
22 as contributors to a Pier 70 historic district. Under the Burton Act
23 (Ch. 1333, Stats. 1968, as amended) and the Burton Act transfer
24 agreement, in 1969, the state conveyed the San Francisco
25 waterfront to the City and County of San Francisco, through its
26 port, in trust for the public and Burton Act trust purposes, subject
27 to the obligation on the part of the City and County of San
28 Francisco to assume fifty-five million dollars (\$55,000,000) in
29 state debt obligations then existing relating to the waterfront
30 properties. Under the San Francisco Charter, the people of San
31 Francisco charged the Port of San Francisco with administration
32 of the San Francisco waterfront and the responsibility for
33 discharging the preexisting debt obligations. Since 1969, these
34 preexisting debt obligations have limited the port's ability to
35 finance substantial investment in public trust facilities within its
36 jurisdiction, resulting in deteriorating conditions along the San
37 Francisco waterfront, including all of the following:

1 (A) Since 2002, the port's chief harbor engineer, who is
2 responsible for assessing threats to life safety due to the condition
3 of facilities within port jurisdiction, has conducted structural
4 assessments of the port's historic structures at Pier 70, that have
5 resulted in the condemnation of 11 buildings and load and use
6 restrictions in 14 other buildings at the site.

7 (B) The port's Pier 70 structures were built before the adoption
8 of seismic construction standards in the 1955 edition of the
9 Uniform Building Code, and are constructed on bay fill or bay
10 mud in locations designated by the United States Geological Survey
11 as seismic hazard areas. Many older port facilities may be unsafe
12 during a large seismic event due to the lack of seismic standards
13 governing their construction and the liquefaction risk associated
14 with port property.

15 (C) Pier 70 has been used for heavy industrial uses for more
16 than 150 years and is adjacent to the Potrero power plant. Pier 70
17 and surrounding property are industrial brownfields known to be
18 contaminated by heavy metals, hydrocarbons, and other pollutants.
19 The historic buildings at Pier 70 will require significant investment
20 to abate hazardous materials prior to demolition or rehabilitation.

21 (D) The port's Pier 70 waterfront contains numerous
22 deteriorating piles that are the remnants of former pile-supported
23 structures and no longer serve a useful purpose.

24 (2) Beginning in the early 1990s, in response to economic and
25 land use needs of the port and as directed by the San Francisco
26 electorate, the port undertook a public planning process related to
27 the improvement and development of the San Francisco waterfront.
28 This process resulted in the port's adoption of a waterfront land
29 use plan in 1997, which identified Pier 70 as the most significant
30 mixed use development opportunity in the port's southern
31 waterfront.

32 (3) Pursuant to the San Francisco Administrative Code, the port
33 in 2006 developed a capital plan identifying public facilities
34 necessary and convenient to the improvement, operation, and
35 conduct of the San Francisco waterfront. Among these public
36 facilities are: (A) seismic and life-safety improvements to existing
37 buildings, (B) rehabilitation, restoration, and preservation of certain
38 historic piers and other historic structures, (C) shoreline restoration
39 and structural repairs and improvements to piers, seawalls,
40 wharves, and other maritime facilities, (D) remediation of

1 hazardous materials, (E) removal of bay fill, (F) stormwater
2 management facilities and other utility infrastructure
3 improvements, and (G) public open space improvements, including
4 those required by the San Francisco Bay Conservation and
5 Development Commission's San Francisco Waterfront Special
6 Area Plan. In 2008, the estimated cost to implement the port's
7 capital plan was approximately one billion nine hundred million
8 dollars (\$1,900,000,000), an amount far in excess of the revenues
9 projected to be available to the port for these purposes.

10 (4) From 2006 to 2008, inclusive, the port conducted a
11 community master planning process for the Pier 70 district. The
12 master plan calls for continued ship repair on approximately 15
13 acres of the site, the nomination of the Pier 70 National Register
14 Historic District to the National Register of Historic Places, up to
15 3 million square feet of compatible infill development, up to 20
16 acres of waterfront open space, including a major new section of
17 the San Francisco Bay Trail, and a development phasing schedule
18 and financing plan that will allow the area to reunite with the
19 surrounding central waterfront. The port projects that the costs to
20 rehabilitate Pier 70, excluding costs associated with new
21 development at the site, will exceed \$1 billion in 2008 dollars and
22 will require significant federal, state, and local funding.

23 (c) In November 2008, San Francisco voters approved an
24 amendment to the San Francisco Charter to provide revenues equal
25 to up to 75 percent of projected new hotel and payroll tax revenues
26 from development in the Pier 70 area to fund historic preservation
27 and infrastructure costs of rehabilitating the Pier 70 area. The port
28 estimates that rehabilitation costs for the Pier 70 area will far
29 exceed the additional revenues provided by the charter measure.

30 (d) The Pier 70 area of the San Francisco waterfront is a valuable
31 public trust asset of the state that provides special maritime,
32 navigational, recreational, cultural, and historical benefits to the
33 people of the region and the state. Realizing the goals of the port
34 waterfront land use plan, the San Francisco Bay Conservation and
35 Development Commission special area plan, and the port capital
36 plan at Pier 70 is a matter of statewide significance, and rectifying
37 the deteriorating conditions along the San Francisco waterfront
38 caused by deferred maintenance since 1969 by providing a
39 financing mechanism, through the use of incremental property tax
40 revenues, is a matter of statewide importance that will further the

purposes of both the public trust and the Burton Act trust. Public facilities along the San Francisco waterfront to be financed pursuant to the infrastructure financing district law will increase public access to, or use or enjoyment of, public trust lands and are, therefore, facilities of statewide and communitywide significance.

(e) The City and County of San Francisco wants to establish one or more infrastructure financing districts to finance public facilities along the San Francisco waterfront through its port, including a district in the Pier 70 area. Due to the extraordinary capital needs of the port, it is the intent of the Legislature to provide the City and County of San Francisco and its port the widest latitude, within the framework of the infrastructure financing district law, to create and operate infrastructure financing districts in the manner that provides the optimal financing options to construct needed public facilities on public trust waterfront lands in order to meet the stated goals of statewide significance. In order to adapt the provisions of Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5 of the Government Code, relating to infrastructure financing districts, to these unique circumstances, this special act is necessary.

SEC. 2. Section 53395.8 of the Government Code is repealed.

~~53395.8.—(a) This section applies only to the City and County of San Francisco. For the purposes of this chapter, the City and County of San Francisco is a city.~~

~~(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that consolidating in a single public agency the responsibility to administer waterfront lands in the City and County of San Francisco that are subject to the public trust and the ability to capture property tax increment revenues to finance needed public infrastructure improvements in those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the state.~~

~~(c) Notwithstanding subdivision (c) of Section 53395.1, for the purposes of this section, “debt” includes commercial paper and variable rate demand notes.~~

~~(d) In addition to the purposes provided in subdivision (a) of Section 53395.3, a district subject to this section may finance the environmental remediation of any real or tangible property that the district may finance pursuant to Section 53395.3. The district may also finance planning and design work that is directly related~~

1 to the improvement, seismic retrofit, or environmental mediation
2 of that property. The district may not finance routine nonstructural
3 repair work.

4 (e) In addition to the public capital facilities of communitywide
5 significance that a district may finance pursuant to subdivision (b)
6 of Section 53395.3, a district subject to this section may finance
7 all of the following:

8 (1) Seismic and life-safety improvements to existing buildings
9 and other structures.

10 (2) Rehabilitation, restoration, and preservation of structures,
11 buildings, or other facilities having special historical, architectural,
12 or aesthetic interest or value and that are either eligible for listing
13 on the National Register of Historic Places, both individually or
14 because of their location within an eligible registered historic
15 district, or are locally designated landmarks.

16 (3) Structural repairs and improvements to piers, seawalls, and
17 wharves.

18 (4) Remediation of hazardous materials.

19 (5) Storm water management facilities, other utility
20 infrastructure, or public access improvements.

21 (f) Notwithstanding Section 53395.4, a district subject to this
22 section may include tidelands and submerged lands, including
23 filled lands, subject to the public trust for commerce, navigation,
24 and fisheries, and the applicable statutory trust grant or grants.
25 Where a district includes tidelands and submerged lands, whether
26 filled or unfilled, and finances facilities located on these tidelands
27 and submerged lands, these facilities shall serve and promote uses
28 and purposes consistent with the public trust and applicable
29 statutory trust grants. These facilities shall be public trust assets
30 subject to the administration and control of the legislative trust
31 grantee of the public trust lands on which they are constructed.
32 However, if these facilities are among the public capital facilities
33 listed in paragraphs (1) to (4), inclusive, of subdivision (b) of
34 Section 53395.3 or paragraph (5) of subdivision (e) of this section
35 and are not owned by the public agency administering the public
36 trust lands, but are owned and operated by another entity pursuant
37 to a license from or an agreement with the public agency
38 administering the public trust lands, then these facilities are not
39 required to become public trust assets. The district shall maintain

1 accounting procedures in accordance, and otherwise comply, with
2 Section 6306 of the Public Resources Code.

3 ~~(g) Notwithstanding Section 53395.5, nothing in this chapter~~
4 ~~shall prohibit the formation of a district on urban waterfront~~
5 ~~property, nor the financing of needed public infrastructure projects~~
6 ~~located on public trust lands, pursuant to this section.~~

7 ~~(h) Notwithstanding subdivision (c) of Section 53395.14,~~
8 ~~infrastructure improvements that increase public access to, or use~~
9 ~~or enjoyment of, public trust lands pursuant to this section shall~~
10 ~~be deemed to satisfy the requirements of that subdivision.~~

11 ~~(i) Notwithstanding Section 53395.20 or any other provision of~~
12 ~~law, if all of the land in a district subject to this section would be~~
13 ~~publicly owned, no election shall be required to form the district,~~
14 ~~and the legislative body may, by ordinance, adopt the infrastructure~~
15 ~~financing plan and create the district, upon recommendation of the~~
16 ~~public agency with jurisdiction over the land.~~

17 ~~(j) (1) Notwithstanding any other provision of this chapter, the~~
18 ~~legislative body may amend an infrastructure financing plan subject~~
19 ~~to this section to extend the time limitations for receipt of property~~
20 ~~tax increment beyond the 30-year period from adoption of the~~
21 ~~ordinance for the district for a period not to exceed 10 years to pay~~
22 ~~bonded indebtedness, if the district does all of the following:~~

23 ~~(A) Includes an amendment, if necessary, to increase the total~~
24 ~~number of dollars to be allocated to the district.~~

25 ~~(B) Prepares an analysis of the projected fiscal impact on each~~
26 ~~affected taxing entity.~~

27 ~~(C) Sets a time and date for a public hearing on the matter.~~

28 ~~(2) The amendment to the infrastructure financing plan shall be~~
29 ~~mailed by the clerk to each affected taxing entity for its review.~~
30 ~~Each affected taxing entity shall review and consent to or~~
31 ~~disapprove the amended infrastructure financing plan within 60~~
32 ~~days of the receipt thereof.~~

33 ~~(k) (1) The legislative body shall hold a public hearing~~
34 ~~regarding the amendment to the infrastructure financing plan within~~
35 ~~60 days after each affected taxing entity has approved the~~
36 ~~extension.~~

37 ~~(2) The public hearing, and notice thereof, shall be conducted~~
38 ~~in accordance with Sections 53395.17 and 53395.18. At the~~
39 ~~conclusion of the hearing, the legislative body may adopt an~~

1 ordinance adopting the infrastructure financing plan, as modified,
2 or it may abandon the proceedings.

3 SEC. 3. Section 53395.8 is added to the Government Code, to
4 read:

5 53395.8. (a) This section applies only to the City and County
6 of San Francisco, and to any waterfront district.

7 (b) In addition to the findings and declarations in Section 53395,
8 the Legislature further finds and declares that consolidating in a
9 single public agency the responsibility to administer waterfront
10 lands in San Francisco that are subject to the public trust and the
11 ability to capture property tax increment revenues to finance needed
12 public facilities in those areas will further the objectives of the
13 public trust and enjoyment of those trust lands by the people of
14 the state.

15 (c) For purposes of this section, the following terms have the
16 following meanings except as otherwise provided:

17 (1) "Affected taxing entity" means any governmental taxing
18 agency, except San Francisco and its local educational agencies,
19 that levied or had levied on its behalf a property tax on all or a
20 portion of the land located in the proposed district in the fiscal
21 year prior to the designation of the district, all or a portion of which
22 the district proposes to collect in the future under its infrastructure
23 financing plan.

24 (2) "Base year" means the fiscal year during which any
25 infrastructure financing plan adopted under this chapter becomes
26 effective.

27 (3) "Board" means the Board of Supervisors of the City and
28 County of San Francisco, which shall be the legislative body for
29 any district formed in San Francisco.

30 (4) "Debt" means loans, advance, or other forms of indebtedness
31 and financial obligations, including, but not limited to, commercial
32 paper and variable rate demand notes, in addition to the obligations
33 specified in Section 53395.1.

34 (5) "District" means any district created under this chapter,
35 including any project area within a district.

36 (6) "Local educational agencies" means, collectively, the San
37 Francisco Unified School District, the San Francisco Community
38 College District, and the San Francisco County Office of
39 Education.

1 (7) “Mirant site” means the San Francisco waterfront land owned
2 by Mirant Corporation, on which it or its affiliate formerly operated
3 a coal gasification power plant.

4 (8) “Pier 70 district” means a waterfront district that includes
5 65 acres of waterfront land in the area near Pier 70.

6 (9) “Port” means the Port of San Francisco.

7 (10) “Project area” means a defined area designated for
8 development within a waterfront district formed under this chapter
9 in accordance with subdivision (g).

10 (11) “Public facilities” means facilities and, where the context
11 requires, related services, authorized to be financed in any part by
12 a district formed under this chapter in accordance with subdivision
13 (g).

14 (12) “San Francisco” means the City and County of San
15 Francisco. For purposes of applying this chapter, San Francisco
16 is a city.

17 (13) “Waterfront district” means a district formed under this
18 chapter on land under port jurisdiction along the San Francisco
19 waterfront.

20 (14) “Waterfront set aside” means the restricted funds required
21 to be set aside under clause (ii) of subparagraph (C) of paragraph
22 (3) of subdivision (g).

23 (d) In addition to the facilities and services authorized by Section
24 53395.3, a waterfront district may finance any of the following:

25 (1) Remediation of hazardous materials in, on, under, or around
26 any real or tangible property.

27 (2) Seismic and life-safety improvements to existing buildings.

28 (3) Rehabilitation, restoration, and preservation of structures,
29 buildings, or other facilities having special historical, architectural,
30 or aesthetic interest or value and that are listed on the National
31 Register of Historic Places, are eligible for listing on the National
32 Register of Historic Places individually or because of their location
33 within an eligible registered historic district, or are listed on a state
34 or local register of historic landmarks.

35 (4) Structural repairs and improvements to piers, seawalls, and
36 wharves.

37 (5) Removal of bay fill.

38 (6) Stormwater management facilities, other utility
39 infrastructure, or public open space improvements.

40 (7) Shoreline restoration.

1 (8) Other repairs and improvements to maritime facilities.

2 (9) Planning and design work that is directly related to any
3 public facilities authorized to be financed by a waterfront district.

4 (e) A waterfront district may include, and finance public
5 facilities on, tidelands and submerged lands, including filled or
6 unfilled lands, subject to the public trust for commerce, navigation,
7 and fisheries, and the applicable statutory trust grant or grants.
8 Public facilities located on tidelands and submerged lands shall
9 serve and promote uses and purposes consistent with the public
10 trust and applicable statutory trust grants. Public facilities that
11 increase access to, or the use or enjoyment of, public trust lands
12 will be deemed to be facilities of communitywide significance that
13 provide significant benefits to an area larger than the area of the
14 district.

15 (f) Public facilities financed by a waterfront district shall be
16 public trust assets subject to the administration and control of the
17 port except for the following:

18 (1) Public facilities that are administered or controlled by
19 another entity under a license from, or an agreement with, the port.

20 (2) Public facilities on land located in a previously formed
21 waterfront district that the port subsequently leases, sells, or
22 otherwise transfers to any person free of the public trust, the Burton
23 Act trust, and any additional restrictions on use or alienability
24 created by the Burton Act transfer agreement, provided that the
25 State Lands Commission has concurred in the lifting of trust
26 restrictions on the transferred land and that the transferred land
27 will remain in and subject to the district.

28 (3) Public facilities on land transferred to port jurisdiction after
29 the Burton Act transfer.

30 (g) For a waterfront district, the requirements of this subdivision
31 supplant and replace the provisions of Sections 53395.10 to
32 53395.25, inclusive. The board may adopt or amend one or more
33 infrastructure financing plans for districts along the San Francisco
34 waterfront according to the procedures in this section. A district
35 may be divided into project areas, each of which may be subject
36 to distinct time limitations established under this subdivision.

37 (1) The board shall initiate proceedings for the establishment
38 of a district by adopting a resolution of intention to establish the
39 proposed district that does all of the following:

1 (A) States an infrastructure financing district is proposed to be
2 established and describes the boundaries of the proposed district.
3 The boundaries may be described by reference to a map on file in
4 the office of the clerk of the board.

5 (B) States the type of public facilities proposed to be financed
6 by the district.

7 (C) States that incremental property tax revenue from San
8 Francisco and some or all affected taxing entities within the district,
9 but none of the local education agencies, may be used to finance
10 these public facilities.

11 (D) Directs the executive director of the port, or an appropriate
12 official designated by the executive director, to prepare a proposed
13 infrastructure financing plan.

14 (2) The board shall direct the city clerk to mail a copy of the
15 resolution of intention to any affected taxing entities.

16 (3) The proposed infrastructure financing plan shall be consistent
17 with the general plan of San Francisco, as amended from time to
18 time, and shall include all of the following:

19 (A) A map and legal description of the proposed district, which
20 may include all or a portion of the district designated by the board
21 in its resolution of intention.

22 (B) A description of the public improvements and facilities
23 required to serve the development proposed in the district,
24 including those to be provided by the private sector, those to be
25 provided by governmental entities without assistance under this
26 chapter, those public facilities to be financed with assistance from
27 the proposed district, and those to be provided jointly. The
28 description shall include the proposed location, timing, and
29 projected costs of the public improvements and facilities.

30 (C) A financing section that shall contain all of the following:

31 (i) A provision that specifies the maximum portion of the
32 incremental tax revenue of San Francisco and of any affected
33 taxing entity proposed to be committed to the district, and affirms
34 that the plan will not allocate any portion of the incremental tax
35 revenue of the local educational agencies to the district.

36 (ii) Limitations on the use of levied taxes allocated to and
37 collected by the district that provide that incremental tax revenues
38 allocated to a district must be used within the district for purposes
39 authorized under this section, and that not less than 20 percent of
40 the amount allocated to a district shall be set aside to be expended

1 solely on shoreline restoration, removal of bay fill, or waterfront
2 public access to or environmental remediation of the San Francisco
3 waterfront.

4 (iii) A projection of the amount of incremental tax revenues
5 expected to be received by the district, assuming a period of 45
6 years from the base year of the infrastructure financing plan.

7 (iv) Projected sources of financing the public facilities to be
8 assisted by the district, including debt to be repaid with incremental
9 tax revenues, projected revenues from future leases, sales, or other
10 transfers of any interest in land within the district, and any other
11 legally available sources of funds.

12 (v) A limitation on the number of dollars of levied taxes that
13 may be divided and allocated to the district. Taxes shall not be
14 divided or be allocated to the district beyond this limitation, except
15 by amendment of the infrastructure financing plan pursuant to the
16 procedures in this subdivision.

17 (vi) A date on which the effectiveness of the infrastructure
18 financing plan and all tax allocations to the district will end and a
19 time limit on the district's authority to repay indebtedness with
20 incremental tax revenues received under this chapter, not to exceed
21 45 years from the date of the board's resolution of intent to issue
22 bonds to be repaid with incremental tax revenues under this
23 chapter. After the time limits established under this subparagraph,
24 a district shall not receive incremental tax revenues under this
25 chapter.

26 (vii) An analysis of the costs to San Francisco for providing
27 facilities and services to the district while the district is being
28 developed and after the district is developed, and of the taxes, fees,
29 charges, and other revenues expected to be received by San
30 Francisco as a result of expected development in the district.

31 (viii) An analysis of the projected fiscal impact of the district
32 and the associated development upon any affected taxing entity.
33 If no affected taxing entities exist within the district because the
34 plan does not provide for collection by the district of any portion
35 of property tax revenues allocated to any taxing entity other than
36 San Francisco, the district has no obligation to any other taxing
37 entity under this subdivision.

38 (ix) A statement that the district will maintain accounting
39 procedures in accordance, and otherwise comply, with Section
40 6306 of the Public Resources Code for the term of the plan.

1 (D) For a Pier 70 district only, the financing plan may contain
2 a provision meeting the requirements of Section 53396 that
3 allocates a portion of the incremental tax revenue of San Francisco
4 and of other designated affected taxing entities to the Pier 70
5 district.

6 The maximum portion of incremental tax revenue of San
7 Francisco to be allocated to the Pier 70 district must be equal to
8 the portion of the incremental tax revenue of the county
9 Educational Reserve Augmentation Fund (ERAF) proposed to be
10 committed to the Pier 70 district.

11 (4) The proposed infrastructure financing plan shall be mailed
12 to each affected taxing entity for review, together with any report
13 required by the California Environmental Quality Act (Division
14 13 (commencing with Section 21000) of the Public Resources
15 Code) that pertains to the proposed public facilities and any
16 proposed development project for which the public facilities are
17 needed, and shall be made available for public inspection. The
18 report also shall be sent to the planning commission and the board.

19 (5) Except as provided in subdivision (i), the board shall not
20 enact a resolution proposing formation of a district and providing
21 for the division of taxes of any affected taxing entities for use in
22 the Pier 70 district as set forth in the proposed infrastructure
23 financing plan unless a resolution approving the plan has been
24 adopted by the governing body of each affected taxing entity that
25 is proposed to be subject to division of taxes as set forth in the
26 proposed infrastructure financing plan, and that resolution has
27 been filed with the board at or prior to the time of the hearing. A
28 resolution approving the plan adopted by the governing body of
29 an affected taxing entity shall be deemed the affected taxing
30 entity's agreement to participate in the plan for the purposes of
31 Section 53395.19.

32 (6) If the governing body of an affected taxing entity has not
33 approved the infrastructure financing plan before the board
34 considers the plan, the board may amend the infrastructure
35 financing plan to remove the allocation of the tax revenues of the
36 nonconsenting affected taxing entity. If a plan is so amended, the
37 plan also shall be amended to provide that San Francisco will
38 allocate to the Pier 70 district funds equal on a dollar-for-dollar
39 basis to the tax revenues that the Pier 70 district would have

1 received from the allocation of tax revenues of the affected taxing
2 entity that is removed from the plan.

3 (7) The board shall hold a public hearing regarding the
4 infrastructure financing plan that shall be scheduled on a date no
5 earlier than 60 days after the plan has been sent to each affected
6 taxing entity, or in the absence of any affected taxing entities, no
7 earlier than 30 days after the plan has been lodged with the clerk
8 of the board. Notice of the public hearing must be published not
9 less than once a week for four successive weeks in a newspaper
10 designated by the board for the publication of official notices in
11 San Francisco, or if the board no longer designates a newspaper
12 for the publication of official notices, a newspaper of general
13 circulation serving primarily San Francisco residents. The notice
14 shall state that the district will be established to finance public
15 facilities, briefly describe the public facilities and the proposed
16 financial arrangements, including the proposed commitment of
17 incremental tax revenue, describe the boundaries of the proposed
18 district, and state the day, hour, and place when and where any
19 persons having any objections to the proposed infrastructure
20 financing plan, or the regularity of any of the previous proceedings,
21 may appear before the board and object to the adoption of the
22 proposed infrastructure financing plan by the board.

23 (8) At the hour set in the required notices, the board shall
24 proceed to hear and pass upon all written and oral objections. The
25 hearing may be continued from time to time. The board shall
26 consider any recommendations of affected taxing entities, and all
27 evidence and testimony for and against the adoption of the
28 infrastructure financing plan.

29 (9) No election will be required to form the district, and at the
30 conclusion of the hearing, the board may adopt an ordinance
31 adopting the infrastructure financing plan, as drafted or as modified
32 by the board, or it may abandon the proceedings.

33 (10) Any public or private owner of land that is not within an
34 existing waterfront district, but that has any boundary line
35 contiguous to a boundary of the waterfront district, may petition
36 the board for inclusion of the land in the waterfront district without
37 an election. As a condition to inclusion of its land in the waterfront
38 district, the petitioning landowner shall acknowledge and agree
39 that any portion of the land within 100 feet of the Bay Conservation
40 and Development Commission shoreline (shoreline band) will

1 include contiguous public access along the length of the shoreline
2 band, improved and maintained to standards equal to adjacent
3 waterfront public access ways on public land, as certified by the
4 Bay Conservation and Development Commission. Nothing in this
5 section is intended to affect or limit the authority of the Bay
6 Conservation and Development Commission pursuant to Sections
7 55500 to 66682, inclusive, or any other law. This procedure will
8 apply to any petition to include the Mirant site in the Pier 70
9 district, but the board may amend the Pier 70 financing plan to
10 include the Mirant site in the Pier 70 district only after the Director
11 of Finance's approval.

12 (11) The ordinance creating a district and adopting or amending
13 an infrastructure financing plan shall establish the base year for
14 the district. The board may amend an infrastructure financing plan
15 by ordinance to divide an established district into one or more
16 project areas, to reduce the district area, or, to expand a waterfront
17 district to include the petitioning landowner's land in the district
18 in accordance with the board's established procedures. Any
19 ordinance adopting or amending an infrastructure financing plan
20 will be deemed an ordinance adopted for the purposes of Section
21 53395.23.

22 (h) (1) All the amounts calculated under this subdivision shall
23 be calculated after deducting the waterfront set aside from the total
24 amount of tax increment funds allocated to a district in the
25 applicable fiscal year. The payments made under this subdivision
26 to the affected taxing entities shall be allocated among the affected
27 taxing entities in proportion to the percentage share of property
28 taxes each affected taxing entity receives during the fiscal year the
29 funds are allocated. The percentage share shall be determined
30 without regard to any amounts allocated to a city, county, or city
31 and county under Sections 97.68 and 97.70 of the Revenue and
32 Taxation Code.

33 (2) (A) Prior to incurring any debt, except loans or advances
34 from San Francisco, a district may subordinate to the debt the
35 amount required to be paid to an affected taxing entity under this
36 subdivision, if any, provided the affected taxing entity has approved
37 these subordinations as provided in this paragraph.

38 (B) At the time the district requests an affected taxing entity to
39 subordinate the amount to be paid to it, the district shall provide
40 the affected taxing entity with substantial evidence that sufficient

1 funds will be available to pay when due both the debt service on
2 the debt and the payments to the affected taxing entity required
3 under this subdivision.

4 (C) Within 45 days after receipt of the district's request, the
5 affected taxing entity shall approve or disapprove the request for
6 subordination. An affected taxing entity may disapprove a request
7 for subordination only if it finds, based upon substantial evidence,
8 that the district will not be able to pay when due the debt payments
9 and the amount required to be paid to the affected taxing entity.
10 If the affected taxing entity does not act within 45 days after receipt
11 of the district's request, the request to subordinate shall be deemed
12 approved and its deemed approval shall be final and conclusive.

13 (3) The Legislature finds and declares all of the following:

14 (A) The payments to be made under this subdivision are
15 necessary in order to alleviate the financial burden and detriment
16 that affected taxing entities may incur as a result of the adoption
17 of an infrastructure financing plan, and payments made under this
18 subdivision will benefit the district.

19 (B) The payments to be made under this subdivision are the
20 exclusive payments that are required to be made by a district to
21 affected taxing entities during the term of an infrastructure
22 financing plan.

23 (4) Nothing in this section requires a district, either directly or
24 indirectly, as a measure to mitigate a significant environmental
25 effect or as part of any settlement agreement or judgment brought
26 in any action to contest the validity of a district under Section
27 53395.6, to make any other payments to affected taxing entities,
28 or to pay for public facilities that will be owned or leased to an
29 affected taxing entity.

30 (i) The portion of taxes required to be allocated to the Pier 70
31 district under a duly adopted infrastructure financing plan shall be
32 allocated and paid to the district by the county auditor or officer
33 responsible for the payment of taxes into the funds of the respective
34 taxing entities under the procedure contained in this subdivision.
35 If the approved plan allocates to the Pier 70 district 100 percent
36 of the incremental tax revenue of San Francisco, then the district
37 shall not make a payment to ERAF, but if the plan allocates less
38 than 100 percent of the incremental tax revenue of San Francisco
39 to the Pier 70 district, then the district shall pay a proportionate
40 share of incremental tax revenue into ERAF.

1 (1) No later than October 1 of each year, for each district for
2 which the infrastructure financing plan provides for the division
3 of taxes, the district shall file with the county auditor or officer a
4 statement of indebtedness and a reconciliation statement for the
5 previous fiscal year certified by the chief financial officer of the
6 district.

7 (2) Each statement of indebtedness shall contain all of the
8 following:

9 (A) For each debt the district has incurred or entered into, all
10 of the following:

- 11 (i) The date the district incurred or entered into the debt.
- 12 (ii) The principal amount, term, purpose, interest rate, and total
13 interest payable over the term of the debt.
- 14 (iii) The principal amount and interest due in the fiscal year in
15 which the statement is filed.
- 16 (iv) The total amount of principal and interest remaining to be
17 paid over the term of the debt.

18 (B) The sum of the principal and interest due on all debts in the
19 fiscal year in which the statement is filed.

20 (C) The sum of principal and interest remaining to be paid on
21 all debts.

22 (D) The available revenues as of the end of the previous fiscal
23 year.

24 (3) The district may estimate the amount of principal or interest,
25 the interest rate, or term of any debt if the nature of the debt is
26 such that the amount of principal or interest, the interest rate or
27 term cannot be precisely determined. The district may list on a
28 statement of indebtedness any debt incurred or entered into on or
29 before the date the statement is filed.

30 (4) Each reconciliation statement shall include all of the
31 following:

32 (A) A list of all debts listed on the previous year's statement of
33 indebtedness, if any.

34 (B) A list of all debts not listed on the previous year's statement
35 of indebtedness, but incurred or entered into in the previous year
36 and paid in whole or in part from incremental tax revenue received
37 by the district. This listing may aggregate into a single item debts
38 incurred or entered into in the previous year for a particular
39 purpose, such as relocation expenses, administrative expenses,
40 consultant expenses, or remediation of hazardous materials.

1 (C) For each debt described in subparagraph (A) or (B), all of
2 the following shall be included:

3 (i) The total amount of principal and interest remaining to be
4 paid as of the later of the beginning of the previous year or the
5 date the debt was incurred or entered into.

6 (ii) Any increases or additions to the debt occurring during the
7 previous year.

8 (iii) The amount paid on the debt in the previous year from
9 incremental tax revenue received by the district.

10 (iv) The amount paid on the debt in the previous year from
11 revenue other than incremental tax revenue received by the district.

12 (v) The total amount of principal and interest remaining to be
13 paid as of the end of the previous fiscal year.

14 (D) The available revenues of the district as of the beginning
15 of the previous fiscal year.

16 (E) The amount of incremental tax revenue received by the
17 district in the previous fiscal year.

18 (F) The amount of available revenue received by the district in
19 the previous fiscal year other than incremental tax revenue.

20 (G) The sum of the amounts paid on all debts from sources other
21 than incremental tax revenue, to the extent that the amounts are
22 not included as available revenues under subparagraph (F).

23 (H) The sum of the amounts specified in subparagraphs (D) to
24 (G), inclusive.

25 (I) The sum of the amounts specified in clauses (iii) and (iv) of
26 subparagraph (C) of paragraph (4).

27 (J) The amount determined by subtracting the amount
28 determined under subparagraph (I) from the amount determined
29 under subparagraph (H). The amount determined under this
30 paragraph shall be the available revenues as of the end of the
31 previous fiscal year to be reported in the statement of indebtedness.

32 (5) For the purposes of this paragraph, available revenues shall
33 include all cash or cash equivalents held by the district that were
34 received by the district under subparagraph (D) of paragraph (3)
35 of subdivision (g) and all cash or cash equivalents held by the
36 district that are irrevocably pledged or restricted to payment of a
37 debt that the district has listed on a statement of indebtedness. In
38 no event shall available revenues include funds allocated to the
39 waterfront set aside.

1 (6) For the purposes of this subdivision: (A) the amount a district
2 is required to deposit into the waterfront set aside shall constitute
3 an indebtedness of the district, (B) no debt that a district intends
4 to pay from the waterfront set aside shall be listed on a statement
5 of indebtedness or reconciliation statement as a debt of the district,
6 and (C) any statutorily authorized deficit in or borrowing from
7 funds in the waterfront set aside shall constitute an indebtedness
8 of the district.

9 (7) The county auditor or officer shall allocate and pay, at the
10 same time or times as the payment of taxes into the funds of the
11 respective taxing agencies of the county, the portion of incremental
12 tax revenues allocated to each district under the infrastructure
13 financing plan. The amount allocated and paid shall not exceed
14 the amount of the district's remaining debt obligations, as
15 determined under subparagraph (C) of paragraph (2), minus the
16 amount of available revenues as of the end of the previous fiscal
17 year, as determined under subparagraph (D) of paragraph (2).

18 (8) The statement of indebtedness constitutes prima facie
19 evidence of the debts of the district.

20 (A) If the county auditor or other officer disputes the amount
21 of the district's debts as shown on the statement of indebtedness,
22 the county auditor or other officer, within 30 days after receipt of
23 the statement, shall give written notice to the district thereof.

24 (B) The district, within 30 days after receipt of notice under
25 subparagraph (A), shall submit any further information it deems
26 appropriate to substantiate the amount of any debt that has been
27 disputed. If the county auditor or other officer still disputes the
28 amount of debt, final written notice of that dispute shall be given
29 to the district, and the amount disputed may be withheld from
30 allocation and payment to the district as otherwise required by
31 paragraph (7). In that event, the auditor or other officer shall bring
32 an action in the superior court for declaratory relief to determine
33 the matter no later than 90 days after the date of the final notice.

34 (C) In any court action brought under this paragraph, the issue
35 shall involve only the amount of debt, and not the validity of any
36 contract or debt instrument or any expenditures pursuant thereto.
37 Payments to a trustee under a bond resolution or indenture of any
38 kind or payments to a public agency in connection with payments
39 by that public agency under a lease or bond issue shall not be
40 disputed in any action under this paragraph. The matter shall be

1 set for trial at the earliest possible date and shall take precedence
2 over all other cases except older matters of the same character.
3 Unless an action is brought within the time provided for herein,
4 the auditor or other officer shall allocate and pay the amount shown
5 on the statement of indebtedness as provided in paragraph (7).

6 (D) Nothing in this subdivision shall be construed to permit a
7 challenge to or attack on matters precluded from challenge or
8 attack by reason of Sections 53395.6 and 53395.7. However,
9 nothing in this subdivision shall be construed to deny a remedy
10 against the district otherwise provided by law.

11 (E) The Controller shall prescribe uniform forms consistent
12 with this subdivision for a district's statement of indebtedness and
13 reconciliation statement. In preparing these forms, the Controller
14 shall obtain the input of the San Francisco City Controller, the San
15 Francisco Tax Collector, and the port.

16 (F) For the purposes of this subdivision, a fiscal year shall be a
17 year that begins on July 1 and ends the following June 30.

18 (j) (1) Prior to the adoption by the board of an infrastructure
19 financing plan providing for tax increment financing under
20 subparagraph (D) of paragraph (3) of subdivision (g), any affected
21 taxing entity may elect to be allocated, and every local educational
22 agency shall be allocated, all or any portion of the tax revenues
23 allocated to the district under subparagraph (D) of paragraph (3)
24 of subdivision (g) attributable to increases in the rate of tax
25 imposed for the benefit of the taxing entity which levy occurs after
26 the tax year in which the ordinance adopting the infrastructure
27 financing plan becomes effective.

28 (2) The governing body of any affected taxing entity electing
29 to receive allocation of taxes under this subdivision shall adopt a
30 resolution to that effect and transmit the same, prior to the adoption
31 of the infrastructure financing plan, to (A) the board, (B) the
32 district, and (C) the official or officials performing the functions
33 of levying and collecting taxes for the affected taxing entity. Upon
34 receipt by the official or officials of the resolution, allocation of
35 taxes under this section to the affected taxing entity shall be made
36 at the time or times allocations are made under subdivision (a) of
37 Section 33670 of the Health and Safety Code.

38 (3) An affected taxing entity, at any time after the adoption of
39 the resolution, may elect not to receive all or any portion of the
40 additional allocation of taxes under this section by rescinding the

1 resolution or by amending the same, as the case may be, and giving
2 notice thereof to the board, the district, and the official or officials
3 performing the functions of levying and collecting taxes for the
4 affected taxing entity. After receipt of a notice by the official or
5 officials that an affected taxing entity has elected not to receive
6 all or a portion of the additional allocation of taxes by rescission
7 or amendment of the resolution, any allocation of taxes to the
8 affected taxing entity required to be made under this section shall
9 not thereafter be made but shall be allocated to the district. After
10 receipt of a notice by the official or officials that an affected taxing
11 entity has elected to receive additional tax revenues attributable
12 to only a portion of the increases in the rate of tax, only that portion
13 of the tax revenues shall thereafter be allocated to the affected
14 taxing entity, and the remaining portion thereof shall be allocated
15 to the district.

16 (k) This section implements and fulfills the intent of Article 2
17 (commencing with Section 53395.10) of Chapter 2.8 of Part 1 of
18 Division 2 of Title 5 of the Government Code and of Article XIII
19 B and Section 16 of Article XVI of the California Constitution.
20 The allocation and payment to a district of the portion of taxes
21 specified in subparagraph (D) of paragraph (3) of subdivision (g)
22 for the purpose of paying principal of, or interest on, loans,
23 advances, or indebtedness incurred for facilities under this section
24 shall not be deemed the receipt by a district of proceeds of taxes
25 levied by or on behalf of the district within the meaning or for the
26 purposes of Article XIII B of the California Constitution, nor shall
27 such portion of taxes be deemed receipt of proceeds of taxes by,
28 or an appropriation subject to limitation of, any other public body
29 within the meaning or for purposes of Article XIII B of the
30 California Constitution or any statutory provision enacted in
31 implementation of Article XIII B. The allocation and payment to
32 a district of this portion of taxes shall not be deemed the
33 appropriation by a district of proceeds of taxes levied by or on
34 behalf of a district within the meaning or for purposes of Article
35 XIII B of the California Constitution.

36 SEC. 4. Section 96.1 of the Revenue and Taxation Code is
37 amended to read:

38 96.1. (a) Except as otherwise provided in Article 3
39 (commencing with Section 97), and in Article 4 (commencing with
40 Section 98), for the 1980–81 fiscal year and each fiscal year

1 thereafter, property tax revenues shall be apportioned to each
2 jurisdiction pursuant to this section and Section 96.2 by the county
3 auditor, subject to allocation and payment of funds as provided
4 for in subdivision (b) of Section 33670 of the Health and Safety
5 Code *and subparagraph (D) of paragraph (3) of subdivision (g)*
6 *of Section 53395.8 of the Government Code*, to each jurisdiction
7 in the following manner:

8 (1) For each tax rate area, each jurisdiction shall be allocated
9 an amount of property tax revenue equal to the amount of property
10 tax revenue allocated pursuant to this chapter to each jurisdiction
11 in the prior fiscal year, modified by any adjustments required by
12 Section 99 or 99.02.

13 (2) The difference between the total amount of property tax
14 revenue and the amounts allocated pursuant to paragraph (1) shall
15 be allocated pursuant to Section 96.5, and shall be known as the
16 “annual tax increment.”

17 (3) For purposes of this section, the amount of property tax
18 revenue referred to in paragraph (1) shall not include amounts
19 generated by the increased assessments under Chapter 3.5
20 (commencing with Section 75).

21 (b) Any allocation of property tax revenue that was subjected
22 to a prior completed audit by the Controller, pursuant to the
23 requirements of Section 12468 of the Government Code, where
24 all findings have been resolved, shall be deemed correct.

25 (c) (1) Guidelines for legislation implementation issued and
26 determined necessary by the State Association of County Auditors,
27 and when adopted as regulations by either the Controller or the
28 Department of Finance pursuant to Chapter 3.5 (commencing with
29 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
30 Code, shall be considered an authoritative source deemed correct
31 until some future clarification by legislation or court decision.

32 (2) If a county auditor knowingly does not follow the guidelines
33 referred to in paragraph (1), that county auditor shall inform the
34 Controller of the reason or reasons for not following the guidelines.
35 If the Controller disagrees with the stated reason or reasons for
36 not following the guidelines, the provisions of paragraph (3) do
37 not apply.

38 (3) If, by audit begun on or after July 1, 2001, or discovery by
39 an entity on or after July 1, 2001, it is determined that an allocation
40 method is required to be adjusted and a reallocation is required for

1 previous fiscal years, the cumulative reallocation or adjustment
2 may not exceed 1 percent of the total amount levied at a 1 percent
3 rate of the current year's original secured tax roll. The reallocation
4 shall be completed in equal increments within the following three
5 fiscal years, or as negotiated with the Controller in the case of
6 reallocation to the Educational Revenue Augmentation Fund or
7 school entities.

8 (4) If it is determined that an allocation method is required to
9 be adjusted as provided in paragraph (3), the county auditor shall,
10 in the fiscal year following the fiscal year in which this
11 determination is made, correct the allocation method in accordance
12 with statute.

13 SEC. 5. The Legislature finds and declares that a special law
14 is necessary and that a general law cannot be made applicable
15 within the meaning of Section 16 of Article IV of the California
16 Constitution because of the unique circumstances of the City and
17 County of San Francisco. The facts constituting the special
18 circumstances are: areas of San Francisco, including the portions
19 of the San Francisco waterfront, are characterized by deteriorating
20 conditions that cannot be remedied by private investment alone,
21 and require the use of public financing mechanisms to finance the
22 rectification of deteriorating conditions.